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Canada's Political Problems

BY JAMES FREDERICK GREEN

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BY JAMES FREDERICK GREEN

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RECENT controversies in Canada over the powers of the federal government, amendment of the constitution, collective bargaining, relief and social legislation, as well as the rise of extremist political movements, suggest that the Dominion's domestic problems, like its foreign policy, bear a striking resemblance to those of the United States.¹ Both countries enjoy free markets embracing half a continent; vast forest, mineral and water power resources; variegated agricultural and industrial production; and enormous foreign trade and investment. In both countries the need for urban and rural relief has strained the public credit of local governments and created deficits for the federal administration, while the demand for economic reform has revealed serious weaknesses in the federal structure. Out of the economic stagnation of the past eight years have arisen an intensified struggle between capital and labor and new trends toward sectionalism.²

ELEMENTS OF DISUNITY

Geographic, economic, demographic and ethnic factors contribute to the centrifugal forces which strengthen the influence of the Provinces as compared with that of the central government. Each of the five major regions—the Maritimes, Quebec, Ontario, the Prairie Provinces, and British Columbia—has tended to develop an individual economy and culture, creating powerful sectional forces which dominate the nation's political life.

While usually major conflicts within Canada—among regions, Provinces, religions, occupations and classes—are resolved through compromises effected by the political parties and the government,

the depression has accentuated the trend toward sectionalism. The Dominion, normally more conventional in its politics and more conservative in its national life than the United States, has been confronted in recent years by the rise of unorthodox and dynamic movements in at least three of its Provinces. In Quebec, Ontario and Alberta the depression has brought to the fore new political leaders who oppose the Dominion government of Premier W. L. Mackenzie King. Whether these movements will continue to exacerbate the disunity of Canada depends largely on the success of the Royal Commission in evolving an acceptable constitutional program, the political astuteness of Premier King, and the restoration of economic prosperity.³

EFFECT OF THE DEPRESSION

The world depression of 1929-1933, during which Canada's national income fell by approximately 50 per cent, was particularly harmful to Canada because of the collapse of foreign trade. Canada's total exports declined from \$1,368,259,131 in 1929 to \$528,064,278 in 1933, a fall of 62 per cent.⁴ Exports of wheat declined from \$428,524,326 in 1929 to \$130,546,365 in 1933, or 70 per cent; newsprint exports decreased from \$142,343,064 to \$74,136,863, or 48 per cent. In addition to relief expenditures by private charities and municipalities, the Dominion was compelled to assist the Provinces by relief disbursements totaling \$276,540,000 between 1930 and 1937.⁵

A Canadian "New Deal" was inaugurated early in 1935 by the Conservative government of Prime Minister R. B. Bennett, as a result of the evidence and recommendations presented by a Royal Com-

1. For a discussion of Canada's external relations, cf. James Frederick Green, "Canada in World Affairs," *Foreign Policy Reports*, July 1, 1938. A later issue of *Foreign Policy Reports* will discuss Canada's economic problems.

2. For the first comprehensive survey of Canadian affairs, cf. F. R. Scott, *Canada Today* (New York, Oxford, 1938), published under the auspices of the Canadian Institute of International Affairs for the Second British Commonwealth Relations Conference.

3. Cf. Selden Rodman, "Canada Faces Two Ways," *Commonsense*, August 1938, pp. 17-21; Maxwell Cohen, "Which Way Canada?" *The New Republic*, March 16, 1938, pp. 154-56; "Canada the Siren," *Fortune*, September 1938, pp. 41-53, 110, 113.

4. Canada, Dominion Bureau of Statistics, *The Canada Year Book, 1937* (Ottawa, King's Printer, 1937), p. 528.

5. *Canada 1938*, cited, p. 169.

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mission concerning detrimental business practices, the example of the Roosevelt administration in the United States, and the persistence of widespread distress.⁶ A comprehensive program of legislation was enacted, covering minimum wages and limitation of hours, agricultural marketing and credit, employment insurance, and stricter regulation of industrial practices.⁷ At the same time, the Bennett government established a central bank and a wheat board, with powers to peg the price of wheat and handle exports. This movement toward a planned economy was reversed by the defeat of the Conservative government in the general election of October 1935, and by a decision of the Privy Council in January 1937 declaring a large part of the legislative program unconstitutional.

During 1936 and 1937 a marked improvement took place throughout a large portion of the Canadian economy, in some instances surpassing the corresponding recovery in the United States.⁸ The largest single factor in Canada's general recovery was the raising of the price of gold from \$20.67 to \$35 by the Roosevelt administration in 1934.⁹ During the last half of 1938 Canada was again affected by the depression in the United States. Construction, which had never recovered, was 25 per cent below the 1937 level, while the newsprint industry continued to suffer from low prices, causing income to decline seriously after 1937. With gold production steadily increasing,

the mineral industry showed the most prosperous returns.¹⁰ As a result of recent investigations by a mission from Great Britain, Canadian industrialists hope to secure military aviation contracts amounting to \$250,000,000, sufficient to offset much of the recent loss in exports to the United States.¹¹ Geared by foreign trade and investment to the national economies of the United States and Great Britain, Canada follows the cycles of prosperity and depression of these two countries, although without such wide fluctuations as in the United States.

THE CONSTITUTIONAL DILEMMA

In both Canada and the United States, the economic depression has raised anew—and in strikingly similar fashion—the historic problem concerning the distribution of legislative power within a federal state. The conflict between “centralization” and “states’ rights” or “Provincial rights” has resulted in far greater loss of power for the Canadian government, which has been deprived of its capacity to intervene in time of depression and to negotiate important types of treaties.¹² This situation is less easy to remedy than in the United States, as the Canadian constitution is based on a statute of the British Parliament—the British North America Act of 1867—which has never been amended in any important particular.¹³ The Act can be amended only by the British Parliament and at present is interpreted ultimately by a British court, the Judicial Committee of the Privy Council.

In establishing the Dominion of Canada under the B.N.A. Act, the British Parliament sought to endow the federated Provinces—Quebec, Ontario, New Brunswick and Nova Scotia—with a strong central government.¹⁴ Union of the Provinces was compelled by the same factors which had required the formation of the United States: desire for governmental efficiency, economic development, territorial expansion and defense against a common

6. H. Carl Goldenberg, “Reform and Politics in Canada,” *Pacific Affairs*, March 1936, pp. 44-52; “Capitalism Under Fire,” *The Round Table*, March 1935, pp. 389-97; “Canada’s ‘New Deal’ Programme,” *ibid.*, June 1935, pp. 584-93.

7. Weekly Rest in Industrial Undertakings Act, *Statutes of Canada*, 1935, c. 14; Minimum Wages Act, *ibid.*, 1935, c. 44; Limitation of Hours of Work Act, *ibid.*, 1935, c. 63; Natural Products Marketing Act, *ibid.*, 1934, c. 57, amended, 1935, c. 64; Employment and Social Insurance Act, *ibid.*, 1935, c. 38; Farmers’ Creditors Arrangements Act, *ibid.*, 1934, c. 53, amended 1935, c. 20; Dominion Trade and Industry Commission Act, *ibid.*, 1935, c. 59; Section 498A of the Criminal Code (unfair trade practices), *ibid.*, 1935, c. 56, s. 9.

8. For a somewhat tendentious comparison of economic recovery in the two countries, blaming governmental intervention for the unfavorable showing of the United States, cf. National Industrial Conference Board, “Depression and Recovery in Canada and the United States,” *Conference Board Bulletin*, March 28, 1938, pp. 29-39. This report shows greater recovery for Canada in manufacturing and mineral production, as well as in corporation earnings and dividends, and less improvement in construction and agricultural production. Employment showed an almost equal recovery in the two countries, with much higher wage earnings in the United States. The report gives no indication of the importance to Canada of the Roosevelt currency and pump-priming policies, or of the almost equal increase in total government debt per capita during the depression.

9. Great Britain, Department of Overseas Trade, *Report on Economic and Commercial Conditions in Canada, 1935-1936* (London, H.M. Stationery Office, 1936), p. 13. For an analysis of the benefits received by Canada from the American currency policy, cf. J. H. Gray, “Canada’s Santa Claus: F.D.R.,” *Current History*, July 1937, pp. 24-28.

10. Cf. Canada, Department of Trade and Commerce, *Monthly Review of Business*, July 1938, p. 5.

11. *New York Herald Tribune*, July 31, 1938.

12. Cf. William Y. Elliott, “The Canadian Constitution Again Becomes an Issue,” *Christian Science Monitor*, January 19, 1938; P. E. Corbett, “The British North America Act and Our Crippled Constitution,” *Canadian Banker*, January 1938, pp. 155-64; J. A. Stevenson, “An Urgent Canadian Reform,” *The Fortnightly*, March 1935, pp. 308-18; *Historicus*, “The Privy Council and Canada,” *ibid.*, April 1937, pp. 467-75; brief presented to the Royal Commission by League for Social Reconstruction, reprinted in *Canadian Forum*, March 1938, pp. 410-12; *ibid.*, April 1938, pp. 441-43; *ibid.*, May 1938, pp. 50-54.

13. For text of B.N.A. Act, as amended, cf. Great Britain, *Public General Acts*, 20-21 Geo. V, 1930, c.26.

14. Cf. W. P. M. Kennedy, *The Constitution of Canada: An Introduction to Its Development and Law* (New York, Oxford, 1937, 2nd ed.); Sir Robert L. Borden, *Canadian Constitutional Studies* (Toronto, University of Toronto Press, 1923).

foe.¹⁵ A new national government was necessary to end the conflict within the original Province of United Canada (Quebec and Ontario); to consolidate and expand the railways; to secure new loans from British investors; and to create a large internal market independent of American tariff policy.¹⁶ The Fenian raids against New Brunswick in 1866 and the hostility of the United States after British unneutrality during the Civil War, aroused fears of American aggression against the Provinces and annexation of the northwest territories.

The federal system established by the British North America Act was designed to safeguard local self-rule in Quebec and the Maritimes and at the same time avoid the undue emphasis on "states' rights" which only a few years previously had brought the United States to civil war.¹⁷ The Provinces were granted legislative authority in such matters as prisons and eleemosynary institutions, licenses, intra-Provincial transportation, "property and civil rights," administration of justice, and "generally all matters of a merely local or private matter in the Province."¹⁸ Special clauses were included to protect the educational and religious rights of each Province. The Dominion Parliament was granted power to "make laws for the peace, order, and good government of Canada, in relation to all matters not coming within the classes of subjects by this Act assigned exclusively to the Legislatures of the Provinces," including specifically "the regulation of Trade and Commerce," banking, the criminal law and fulfillment of treaty obligations.¹⁹ The Governor-General in Council was authorized to disallow Acts of the Provincial legislatures and to appoint and dismiss Lieutenant-Governors.²⁰

15. Cf. Reginald George Trotter, *Canadian Federation* (Toronto, J. M. Dent, 1924), and "Why Federation Came," *Queen's Quarterly*, Spring 1938, pp. 22-29.

16. Frank H. Underhill, "The Conception of a National Interest," *Canadian Journal of Economics and Political Science*, August 1935, p. 401.

17. Until recent years it was the custom of political scientists to regard Canada as the most centralized of modern federal states, e.g., Viscount Bryce, *Modern Democracies* (New York, Macmillan, 1929), vol. I, pp. 458-59. Considerable confusion has arisen over the use of both "federation" and "confederation" to describe the Canadian system, especially as the formal enactment of the B.N.A. Act in 1867 is officially referred to as "Confederation." According to modern usage, Canada is a "federation," in contrast to the thirteen American states under the Articles of Confederation. The ultimate test lies in the issue of secession: in a federal state (as in the United States after 1865) constituent members have no right to withdraw from the union; in a confederation they are at liberty to abrogate their "compact" or "treaty" with other members. For contention that the B.N.A. Act cannot be considered a compact of confederation, cf. Norman McL. Rogers, "The Compact Theory of Confederation," *Canadian Political Science Association, Papers and Proceedings of the Annual Meeting*, 1931, pp. 205-30.

18. B.N.A. Act, s. 92.

DECISIONS OF THE PRIVY COUNCIL

The final decision regarding the allocation of legislative power rests with the Canadian Supreme Court and the Judicial Committee of the Privy Council.²¹ Both courts have acted as arbiter between the nine Provinces and between the Provinces and the Dominion government. The British North America Act has been interpreted consistently as a statute and not a constitution, the courts seeking to define the distribution of power between the Parliament and the Provincial legislatures as stated in the Act, without regard to the intentions of the drafters and to changing economic and social conditions.²² It is frequently charged that Privy Council judges, unfamiliar with Canadian history and recent development, have taken too restricted a view of the statute and succeeded in reversing its original arrangement of legislative authority.²³

19. B.N.A. Act, s. 91. The treaty power, a source of controversy at present, reads: "The Parliament and Government of Canada shall have all the powers necessary or proper for performing the obligations of Canada or of any Province thereof, as part of the British Empire, towards foreign countries, arising under treaties between the Empire and such foreign countries." B.N.A. Act, s. 132.

20. For nature and use of the disallowance power, cf. Harlow J. Heneman, "Dominion Disallowance of Provincial Legislation in Canada," *American Political Science Review*, February 1937, pp. 92-96. The Supreme Court recently denied the claim of Alberta that the Dominion's power of disallowance had been destroyed in 1931 by the Statute of Westminster, which ended the British Parliament's power of disallowing Dominion legislation. *Christian Science Monitor*, March 4, 1938. This reaffirmation of the disallowance power, which may be exercised by the Governor-in-Council for political as well as legal reasons, tends to redress the legislative balance of power by providing the central government with a veto weapon, unknown to the United States.

21. Appeals may be taken on civil, but not criminal, cases to the Judicial Committee, the highest court in the Commonwealth although technically only the legal adviser to the King, who enforces its recommendations through an Order in Council. Unlike the American Supreme Court, the Judicial Committee considers decisions in *ad hoc* Boards, with the result that Dominion cases are considered by constantly changing sets of judges. Interpretation of the B.N.A. Act was dominated for thirty years by two judges, Lords Watson and Haldane, who tended to emphasize Provincial rather than Dominion legislative powers. This trend was reversed for a few years by Lord Sankey, who as Lord Chancellor (1929-1935) broadened the powers of the central government to include control of aviation and radio.

22. Cf. W. P. M. Kennedy, "The British North America Act: Past and Future," *Canadian Bar Review*, June 1937, pp. 393-400; W. Ivor Jennings, "Constitutional Interpretation: The Experience of Canada," *Harvard Law Review*, November 1937, pp. 1-39; Vincent C. Macdonald, "Judicial Interpretation of the Canadian Constitution," *University of Toronto Law Journal*, Lenten Term, 1936, pp. 260-85.

23. For detailed criticism of Privy Council interpretation, cf. F. R. Scott, "The Development of Canadian Federalism," *Canadian Political Science Association, Papers and Proceedings of the Annual Meeting*, 1931, pp. 231-47; John S. Ewart, "Some Further Comments on Dominion-Provincial Relations," *ibid.*, pp. 248-58.

The Privy Council decisions on the eight Acts comprising the Bennett "New Deal" legislation revealed the present weakness of the Dominion government in both national and international affairs.²⁴ Three sections of this reform program were upheld: the Farmers' Creditors Arrangements Act, within Dominion authority because of its control of bankruptcy; Section 498 A of the Criminal Code (unfair trade practices), within the Dominion's power in criminal law; and the Dominion Trade and Industry Commission Act, under the Dominion's control of commerce.²⁵ The Employment and Social Insurance Act, providing for compulsory contributions to a Dominion fund, was invalidated by both the Canadian Supreme Court and the Privy Council, on the ground that it invaded Provincial control of employment contracts, insurance and health and was not within the Dominion's authority in taxation, trade and commerce, "peace, order, and good government," or its general residuary powers. The Natural Products Marketing Act, which had been supplemented by uniform legislation from all nine Provinces, was invalidated because one portion regulated local trade.

The crucial test of Canada's federal system arose with respect to three laws enacting conventions of the International Labor Organization: Weekly Rest in Industrial Undertakings Act, Limitations of Hours of Work Act, and Minimum Wages Act. Although the Supreme Court divided evenly on these laws, in effect upholding them, the Privy Council invalidated them as *ultra vires* of Parliament, under both its general and its treaty powers.²⁶ The Judicial Committee declared that this legislation came within Provincial authority concerning "property and civil rights," and could not be cov-

ered by either the enumerated or general powers of the Dominion Parliament, or even any extraordinary powers in event of national emergency.

The power of Parliament to legislate in fulfillment of treaty obligations was found inadequate, since these I.L.O. conventions were not "obligations of Canada as part of the British Empire, but of Canada by virtue of her new status as an international person."²⁷ In declaring that the Dominion may not use its treaty powers to invade Provincial rights, the Privy Council in effect restricted the treaty-making power to those subjects over which Parliament has unquestioned jurisdiction. In gaining virtual sovereignty as an independent nation, Canada has lost the capacity to fulfill that status.²⁸

THE NEED FOR REVISION

The result of these Privy Council decisions has been a reversal of the original legislative power and a serious weakening of the Dominion government, which in another economic depression might find itself even less able to intervene on behalf of relief or reform.²⁹ The need for revising the B.N.A. Act has been recognized in Canada for over ten years and acknowledged by all political parties. In August 1937 a Royal Commission on Dominion-Provincial Relations was appointed to investigate the distribution of legislative authority and the allocation of revenue sources and governmental responsibility.³⁰ Although the Commission has

24. *A. G. for Canada v. A. G. for Ontario*, [1937] A. C. 326. Text of portion concerning the three I.L.O. conventions reprinted, *American Journal of International Law*, April 1937, pp. 348-57. Cf. "Canada and the Privy Council," *The Round Table*, September 1937, pp. 755-64; F. R. Scott, "The Privy Council and Mr. Bennett's 'New Deal' Legislation," *Canadian Journal of Economics and Political Science*, May 1937, pp. 234-41.

25. Except s. 14 of the Trade and Industry Commission Act, concerning government approval of voluntary agreements to prevent wasteful competition in certain cases. In approving this Act the Privy Council reversed the Supreme Court decision.

26. Cf. R. A. MacKay and E. B. Rogers, *Canada Looks Abroad* (New York, Oxford, 1938, under the auspices of the Canadian Institute of International Affairs), pp. 227-32; N. A. M. Mackenzie, "The Treaty Making Power in Canada," Brief Presented to the Royal Commission on Dominion-Provincial Relations by the League of Nations Society in Canada (Ottawa, January 1938), and "Canada and the Treaty Making Power," *Canadian Bar Review*, June 1937, pp. 436-54; Ahern Daggett, "Treaty Legislation in Canada," *ibid.*, March 1938, pp. 159-84; Robert B. Stewart, "Canada and International Labor Conventions," *American Journal of International Law*, January 1938, pp. 36-62; C. Wilfred Jenks, "The Constitutional Capacity of Canada to Give Effect to International Labour Conventions," *Journal of Comparative Legislation and International Law*, November 1934, pp. 201-15, February 1935, pp. 12-30.

27. Under s. 132 of the B.N.A. Act, the Parliament of Canada was authorized to enact legislation in fulfillment of treaties entered into by the King on behalf of the Empire. The Judicial Committee declared that these three laws enacting I.L.O. conventions were invalid as they were not enacted in fulfillment of the Versailles Treaty, which was an "Empire treaty," but were separate conventions accepted independently by the Canadian government.

28. The uncertainty surrounding Canada's treaty-making and legislative powers has prevented the Dominion Parliament from enacting more than four of the 63 draft conventions adopted by the I.L.O. between 1919 and 1937. Cf. Margaret Macintosh, *Canada and the I.L.O.* (Ottawa, League of Nations Society in Canada, 1938, mimeographed).

29. Cf. Charles Cheney Hyde, "Canada's 'Water-Tight Compartments,'" *American Journal of International Law*, July 1937, pp. 466-68; R. O. MacFarlane, "Canada: One Country or Nine Provinces?" *Dalhousie Review*, April 1938, pp. 9-16; Vincent C. MacDonald, "The Canadian Constitution Seventy Years After," *Canadian Bar Review*, June 1937, pp. 401-27; F. R. Scott, "The Consequences of the Privy Council Decisions," *ibid.*, pp. 484-94; Brooke Claxton, "Social Reform and the Constitution," *Canadian Journal of Economics and Political Science*, August 1935, pp. 409-35.

30. Cf. "The Dominion-Provincial Royal Commission," *The Round Table*, March 1938, pp. 365-75. The Royal Commission consists of Judge N. W. Rowell, Chief Justice of Ontario; Dr. Joseph Sirois, notary of the City of Quebec; Mr. John W. Daffoe, editor of the *Winnipeg Free Press*; Professor H. F. Angus, University of British Columbia; Professor R. A. MacKay, Dalhousie University, Halifax.

been virtually boycotted by the governments of Quebec, Ontario and Alberta, and severely hampered by the illness of its chairman, Justice Rowell, it has received briefs from all the leading national organizations and conducted hearings throughout the country. Its report and recommendations, expected late in 1938, will probably provide a workable program for restoring national unity through constitutional revision.

Controversy has arisen over what measures, if any, should be taken to clarify the treaty powers of the Dominion government and enlarge the legislative powers of Parliament. Opposition to any major change in the present distribution of authority is voiced in both Quebec and Ontario.³¹ Demand for increasing the Dominion's responsibility to include such matters as unemployment insurance, hour and wage laws, old age pensions, and relief has appeared in the Prairie and Maritime Provinces.³²

Various methods for clarifying the present uncertain relation between the Dominion and the Provinces have been recommended: revision of the subsidy system, abolition of appeal to the Privy Council, amendment of the British North America Act, and a complete rewriting of the Canadian constitution.³³

A compromise program within the framework of the present B.N.A. Act would be expansion of the present system of conditional subsidies, by which the Dominion government would provide funds, define the purpose of expenditure and require a strict accounting, leaving administration to the Provinces.³⁴ Such a program would avoid the disadvantages of unconditional subsidies—extravagance, lack of coordination and control by the Dominion—and eliminate the difficulties involved in amendment or revision of the B.N.A. Act.

31. Quebec and New Brunswick have attempted to revive the "compact" theory of confederation, asserting their sovereignty against the trend toward "centralization." For a statement of Quebec opposition to amendment of the B.N.A. Act, cf. Roger Brossard, "The Working of Confederation. I. A French Canadian View," *Canadian Journal of Economics and Political Science*, August 1937, pp. 335-45. Premier Hepburn declared in February that Ontario "intended to cast off its role of milch cow for the rest of Canada." *New York Times*, February 20, 1938.

32. Cf. H. F. Angus, "The Working of Confederation, II. A Western View," *Canadian Journal of Economics and Political Science*, August 1937, pp. 345-53; and briefs submitted to the Royal Commission on Dominion-Provincial Relations by the Maritime and Prairie Provinces.

33. Cf. R. F. McWilliams, "The Amendment of the Constitution," *Canadian Bar Review*, June 1938, pp. 466-75; W. P. M. Kennedy, "The Constitution of Canada," *Politica*, June 1937, pp. 356-63.

34. Cf. J. A. Maxwell, *Federal Subsidies to the Provincial Governments in Canada* (Cambridge, Harvard University Press, 1937), pp. 242-56; and "The Adjustment of Federal-Provincial Financial Relations," *Canadian Journal of Economics and Political Science*, August 1936, pp. 374-88.

The termination of appeal to the Privy Council would restore confidence in the Canadian judiciary and permit the Canadian Supreme Court to introduce greater continuity and flexibility into constitutional interpretation.³⁵ A more far-reaching change would be amendment of the B.N.A. Act by enlarging the powers of the Dominion and inserting a clause by which future amendments could be enacted by the Parliament. It is widely urged that the Act be rewritten into a new constitution, retaining the religious and educational rights of the Provinces, introducing a bill of civil rights, and increasing the Dominion's powers over the national economy.³⁶

OUTSTANDING POLITICAL ISSUES

The basic conflicts in the Canadian economy have created several outstanding areas of political controversy among the nine Provinces: the tariff, railways, banking and Provincial subsidies. The policies of the various Provinces, and of groups within the Provinces, regarding "Provincial rights" and amendment of the British North America Act are in large measure motivated by their desire to preserve or change the present distribution of economic advantage provided by these agencies.

As in the United States, the tariff represents an important weapon in the regional struggle for power. Protective duties on industrial goods are favored by Quebec and Ontario as essential to the development of diversified manufacturing and the maintenance of high wages.³⁷ The Maritime and Prairie Provinces oppose this protective tariff as increasing their costs of production and destroying, because of foreign retaliation, the market for their exports.³⁸ Although both the Ottawa Agreement with Great Britain and the reciprocal treaty with the United States have lowered many industrial

35. Discussion of a bill for abolishing the appeal, introduced by former Secretary of State C. H. Cahan, was postponed until next winter. *Christian Science Monitor*, June 1, 1938.

36. Kennedy, "The British North America Act: Past and Future," cited. Professor Kennedy and many other constitutional authorities believe that abolition of the appeal without revision of the Act is inadequate, as the courts should interpret and not legislate. The decisions of the Privy Council on the Bennett legislation have compelled Canada to face the problem of revising the present federal arrangements rather than depend on the courts to alter the distribution of power.

37. Cf. B. K. Sandwell, "Centre and Circumference in a Tariff Protected Area," *Canadian Journal of Economics and Political Science*, August 1935, pp. 379-83.

38. "The Maritime Provinces and the Tariff," *The Round Table*, March 1935, pp. 397-406; R. McQueen, "Economic Aspects of Federalism: A Prairie View," *Canadian Journal of Economics and Political Science*, August 1935, pp. 348-67. For a discussion of the effects of the sugar tariff on both the domestic consumer and the Maritime exporter of fish to the West Indies, cf. *Winnipeg Free Press*, March 29, 1938.

duties, producers of foodstuffs and raw materials continue to demand from the protected manufacturers either tariff reduction or compensation.

A similar conflict of interest arises over the operation of the Dominion's two great railway systems: the Canadian National, government-owned, and the Canadian Pacific, privately owned.³⁹ Decades of over-development and over-capitalization resulted during and immediately after the World War in the nationalization of the Canadian Northern, the Grand Trunk and Grand Trunk Pacific. Heavy interest charges on the debts assumed by the Canadian government and loss of revenues during the depression, creating a burden of over \$50,000,000 on the Dominion budget, have raised the issue of amalgamation of the two systems.⁴⁰ The Canadian Pacific desires unification of the two lines and elimination of surplus trackage, estimating that the annual savings would total \$75,000,000.⁴¹ Canadian National officials oppose amalgamation and urge an increase of voluntary cooperation between the two companies, which in recent years has resulted in an annual saving of \$2,000,000. They argue that reduction in trackage would jeopardize the prosperity of many parts of the country.⁴² The issue is in part one between the heavily populated Provinces of Quebec and Ontario, and the Maritime and Prairie Provinces of scattered population. Producers of foodstuffs and raw materials, believing that the burden of high freight charges should be borne nationally, favor continuation of government ownership and oppose amalgamation as embodying the dangers of monopoly.⁴³

Currency and banking policy, traditionally a source of contention between urban and rural areas and between industrial and agricultural interests, has provided a third source of political controversy. As part of his program of progressive legislation in 1935, Mr. Bennett secured the establishment of a central bank, the Bank of Canada. Its purpose is to regulate credit and currency; control and protect the external value of the monetary unit; and mitigate as far as possible fluctuations in the gen-

eral level of production, trade, prices and employment.⁴⁴ The government recently assumed ownership of the Bank by buying up 100,000 shares of privately owned stock.^{44a} Agricultural interests in the West desire the issuance of new money for public works and slum clearance, through reduction in the gold backing of the national currency from 50 per cent, as at present, to the legal minimum of 25 per cent.⁴⁵

The outstanding source of controversy has been the problem of Dominion subsidies, the issue largely responsible for the present constitutional crisis and the institution of a Royal Commission to investigate the whole problem of Dominion-Provincial relations.⁴⁶ Under the British North America Act, the Provinces were restricted to direct taxation, while no limit was placed on the Dominion's taxing powers, and provision was made for annual subsidies to be paid to the Provinces. As the tasks of government become more burdensome for the Provinces, especially for relief and social services in recent years, the Dominion was compelled to increase its disbursements. The desire of the Dominion government to control the expenditure of these funds and the constitutional limitations on its power to enact social legislation created a serious jurisdictional conflict. The allocation of the Dominion subsidies has been an incessant cause for rivalry among the Provinces and pressure on Parliament. The Maritime and Prairie Provinces regard the subsidies as proper compensation for their losses under the protective tariff and high freight rates, while Quebec and Ontario resent the increased taxation which such subsidies require. A solution of this crucial issue of public finance by the Royal Commission would contribute greatly to the political stability and economic progress of the Dominion.

CANADA'S POLITICAL PARTIES

Canada combines the British machinery of government with the American party system. Under the Crown, represented by the Governor-General, executive duties are fulfilled by a Cabinet representing the majority party in the House of Commons. With the exception of a Union Cabinet during the World War, the Dominion has been governed since confederation by the Liberal and Con-

39. Cf. G. P. de T. Glazebrook, *A History of Transportation in Canada* (New Haven, Yale University Press, 1938, for the Carnegie Endowment for International Peace); Leslie T. Fournier, *Railway Nationalization in Canada* (Toronto, Macmillan, 1935).

40. Cf. Bernard Lande Cohen, "The Railways—A Plea for Unification," *Dalhousie Review*, January 1936, pp. 414-24.

41. For summary of brief presented before a Senate committee by Sir Edward Beatty, president of the Canadian Pacific, cf. *New York Times*, May 25, 1938.

42. For reply of Mr. S. J. Hungerford, president of the Canadian Northern, cf. *New York Herald Tribune*, June 15, 1938.

43. For a western point of view, cf. editorials in *Winnipeg Free Press*, February 4; March 24, April 2, 1938.

44. Cf. James Holladay, *The Canadian Banking System* (New York, Bankers Publishing Company, 1938); "Canadian Monetary Problems and the Central Bank," *The Canadian Economy and Its Problems*, cited, pp. 187-327.

44a. *New York Times*, May 28, 1938.

45. *Ibid.*, April 24, 1938.

46. Cf. Maxwell, *Federal Subsidies to the Provincial Governments in Canada*, cited.

servative parties.⁴⁷ As in the United States, both national parties are amalgamations of local political machines and combinations of diverse and often contradictory views. Although the Liberals have tended to favor lower tariffs and to adopt a more nationalistic attitude on Commonwealth affairs, the two parties ordinarily have differed as little on national affairs as their American counterparts. The party names are equally meaningless, for the Conservative party contains at present more "progressive" leaders than the Liberal party.

Within both parties are reflected the outstanding economic and political conflicts in the national life.⁴⁸ The prestige of the Liberal government of Premier King is challenged by the political leaders of Quebec, Ontario and Alberta. The Cabinet itself has been divided on such questions as tariffs, relief and the budget, the East represented by the Minister of Finance, Mr. Charles Dunning, and the West by the Minister of Agriculture, Mr. J. G. Gardiner.⁴⁹ The Conservative party is even more sharply divided between representatives of laissez-faire liberalism and a planned economy.⁵⁰ Following the retirement of Mr. Bennett as leader, a Conservative national convention in early July adopted a compromise platform and elected a compromise leader, Dr. R. J. Manion, an Ontario Catholic.⁵¹

Minority parties have proved somewhat more successful in Canada than in the United States, totaling 22 per cent of the popular vote in the general election of 1935.⁵² The Co-operative Commonwealth Federation, a Socialist farmer-labor party, holds seven seats in Parliament and twenty in Provincial legislatures in the West.⁵³ The Communist party has not yet secured representation in

Parliament, and has won only one seat in a Provincial legislature. The Social Credit party now holds the government of Alberta, seventeen seats in Parliament, and several seats in the Manitoba and Saskatchewan legislatures.

The economic distress and resurgent sectionalism resulting from the depression have diminished the influence of the two major parties as the compromising and harmonizing agent in the national life. The normal rôle of the parties has been disturbed by the rise of extremist and often inexperienced local leaders, who represent popular dissatisfaction over unemployment, poverty, and inequality of opportunity. In Quebec, Ontario and Alberta the depression gave rise to vigorous and unconventional political movements, the future of which remains uncertain.

THE POSITION OF QUEBEC

The French-Canadians, now composing 30 per cent of the population and increasing at a high birth rate, have sought for generations to maintain their ethnic and cultural integrity in the Province of Quebec and in other Provinces where they have emigrated. By insisting on a federal rather than a unified state at the time of confederation, and by upholding Provincial rights for the past seventy years, they have kept Quebec the "New France" of North America.⁵⁴ Their determination to continue as a separate community, using the French language and the Napoleonic code of law, creates an element of disunity—particularly serious in time of war or depression—unknown in the United States.⁵⁵

The effort of the French-Canadians to defend their cultural integrity is fostered by the Catholic Church, which receives the allegiance of 40 per cent of the Dominion inhabitants and virtually the entire population of Quebec.⁵⁶ In few communities of the world has the Church so complete an influence over every aspect of human life, including marriage, education and social organization, as well as a large portion of economic and political activities. It is frequently charged that the Quebec hierarchy, having been unaffected by the liberalizing forces of the French Revolution in Europe and the freer social environment elsewhere in North America, is excessively conservative and

47. Scott, *Canada Today*, cited, pp. 61-68; Frank H. Underhill, "The Development of National Political Parties in Canada," *Canadian Historical Review*, December 1935, pp. 367-87.

48. Cf. J. A. Stevenson, "Political Horizon in Canada," *Nineteenth Century Review*, May 1938, pp. 562-72.

49. *New York Times*, April 3, 1938.

50. *Christian Science Monitor*, June 3, 1938. The Conservatives now hold only 38 seats in the House of Commons and no Provincial government.

51. *New York Times*, July 8, 1938.

52. Percentage distribution of the popular vote in 1935 was as follows: Liberals 47; Conservatives, 30; the C.C.F., 9; Reconstruction party (led by Mr. H. H. Stevens, who resigned in 1935 as Minister of Trade and Commerce after disagreement with Mr. Bennett), 9; and Social Credit, 4. Scott, *Canada Today*, cited, p. 66.

53. Beginning as a farmer-labor coalition, the C.C.F., like the Socialist party in the United States, has won intellectuals more easily than trade union support. It has made greater progress in the past two years, however, and recently gained the membership of the United Mine Workers in Nova Scotia. The C.C.F. has been more successful than the American Socialist party in achieving representation in Parliament, where its leader, Mr. J. S. Woodsworth, has provided effective opposition to both Conservative and Liberal governments.

54. Cf. Scott, *Canada Today*, cited, pp. 69-74; Wilfred Bovey, "French Canada and the Problem of Quebec," *Nineteenth Century Review*, January 1938, pp. 21-35; John MacCormac, "An 'Anti-Communist' Quebec Stirs All Canada," *New York Times*, January 9, 1938.

55. For a defense of Quebec policy, cf. "Nationalism in Quebec," *The Round Table*, March 1938, pp. 376-85.

56. Cf. Paul E. Guilbault, "In Defense of Quebec," *Catholic World*, July 1938, pp. 428-32.

favorable to the growth of fascism. The Church replies that it merely desires to defend the Province as a religious entity against heretical tendencies in both modern France and the English-speaking world, and to preserve the best qualities of the older peasant and artisan society by creating within Quebec the type of Christian corporative state envisaged in the Papal encyclical, *Quadragesimo Anno*.⁵⁷

The recent growth of political tension has been caused largely by the changing economy of the Province. Until the twentieth century the economic and social life of Quebec rested on a genuine peasant class, unique in North America. The past thirty years has seen a steady process of industrialization which has undermined this agrarian society.⁵⁸ Slums and disease have developed with little restraint or remedy by municipal or federal authorities. Wage scales are the lowest in Canada, and even farm income compares unfavorably with that of Ontario.⁵⁹

The economic difficulties of Quebec are due in part to certain basic inequalities in the industrial system and to the educational policies of the Catholic Church. The rapid growth of urban factories employing unskilled labor has often led to low wages and poor conditions, not commensurate with the profits of the industry. The fact that English-Canadian or American capital controls the major industries and communications of Quebec causes the French-Canadians to regard themselves as "hewers of wood and drawers of water" on their own territory. They resent their exclusion not only from the profits of their labor, but also from the higher ranks of business and civil service, in Quebec and elsewhere in Canada. It is probable that French-Canadians neither develop the initiative nor receive the training necessary for responsible positions, because of the educational methods of the Church: inadequate facilities, poorly paid teachers, and avoidance of all modern thought of Europe and North America.⁶⁰

Dissatisfaction over economic conditions in

Quebec has led in recent years to the emergence of a nationalist spirit and increased insistence on Provincial rights. The revival of a separatist movement, the anti-foreign and anti-communist policies of the Duplessis government, and the appearance of a Fascist party are all manifestations of French-Canadian resentment at the inferior position of the Province.⁶¹

POLICY OF PREMIER DUPLESSIS

Quebec's new nationalism has been advanced by M. Maurice Duplessis, whose coalition party—the *Union Nationale*—overthrew in 1936 the Liberal government, which had been in power for forty consecutive years.⁶² M. Duplessis attacked the "foreign" financial and business interests, promising to restore "Quebec for the Québécois" through reform of monopolies and public utilities. The Premier has not yet redeemed these campaign pledges, and has thus avoided any break with the large business interests, which approve his labor and anti-radical policies.⁶³

It is the apparent intention of the Duplessis government gradually to inaugurate the corporative state favored by the Catholic Church, the first steps being enlargement of existing labor legislation. Under the Workmen's Wages Act of 1937, a collective bargaining contract signed in one establishment can be extended by government order throughout a whole trade and industry, and a joint committee of employers and employees within an industry form a corporation to oversee wages and conditions of apprenticeship.⁶⁴ The Fair Wages Act of 1937 established a government board to investigate working conditions and institute codes of hours and wages. Under an order of December 28, 1937, the board issued minimum wage and hour rules affecting nearly 80 per cent of Quebec's 670,000 workers.⁶⁵ The Duplessis government has

61. Elizabeth H. Armstrong, "French Canada as a Nation," *Events*, May 1938, pp. 387-91. The least influential thus far has been the movement for the secession of Quebec, to become the state of Laurentia. This separatist movement, led by Abbé Lionel Groulx of the University of Montreal, has not yet received support from the Church or the public, but represents a sentiment which might be exploited in the event of a national crisis. Cf. Abbé Lionel Adolphe Groulx, *Notre Maître, Le Passé* (Montreal, Librairie Granger Frères, 1936), and *Le Français au Canada* (Paris, Delagrave, 1932). Separatism was renounced by M. Duplessis early in his Premiership. *Christian Science Monitor*, January 2, 1937.

62. "Nationalism in French Canada," *The Round Table*, December 1936, pp. 126-36.

63. Leslie Roberts, "What's Up in Quebec?" *Canadian Business*, February 1938, pp. 20-21.

64. Slattery, "A Corporative State," cited, pp. 487-89.

65. *Christian Science Monitor*, December 29 and 30, 1938. The actual increase in annual wage payments will probably be considerably less than the official estimate of \$26,000,000, or 5 per cent.

57. Cf. Timothy P. Slattery, "A Corporative State," *The Commonweal*, September 24, 1937, pp. 487-89.

58. The proportion of urban dwellers in Quebec has increased from 48 per cent in 1911 to 63 per cent in 1931; over one-third of the population of the Province lives on the island of Montreal, the city itself having increased its population by 67 per cent in the past twenty years. Henry Lorin Binsse, "Industrial Jitters in Quebec," *The Commonweal*, May 6, 1938, pp. 32-33.

59. For comparative statistics regarding Quebec and Ontario, cf. David Martin, "Fascism Comes to Quebec," *Current History*, November 1937, pp. 69-74.

60. For criticism of Church policy by a French-Canadian journalist, cf. Jean-Charles Harvey, "What Quebec Thinks of Canada," *Canadian Magazine*, July 1938, pp. 3-4, 37.

favored the Catholic syndicates over the international unions, but has secured the enactment of several measures opposed by both groups of organized workers.⁶⁶

The most spectacular project of the Duplessis government has been the Padlock Law, a measure passed unanimously by the Quebec legislature in March 1937.⁶⁷ The Attorney-General of the Province is authorized to seal and padlock for one year any building used "to propagate communism or bolshevism by any means whatsoever," the owner being allowed to prove his innocence in court, but without appeal. Any person printing, publishing or distributing any literature "propagating or tending to propagate communism or bolshevism" is liable to imprisonment from three to twelve months and costs. The police are empowered by the Attorney-General to seize and destroy such literature without judicial warrant or review. No definition of communism or bolshevism is provided in the statute, so that its administration rests with the Attorney-General, at present the Prime Minister.⁶⁸

Since November 9, 1937, when the Padlock Law was first enforced, Quebec police have been active in raiding homes and offices, seizing printed material, and suppressing liberal and radical activities.⁶⁹ The Duplessis government justifies its action as necessary to defend the Province against alien and subversive movements, especially as the Dominion Parliament in 1936 repealed Section 98 of the Criminal Code, a wartime measure under which communists were imprisoned and their meetings prohibited. Political and religious leaders in Quebec maintain that the traditional qualities of French Canada are being undermined by ir-

responsible agitators, who are jeopardizing efforts to ameliorate poverty and distress along constructive lines. Opponents of the Padlock Law, mobilized throughout the Dominion by the Canadian Civil Liberties Union, regard it as a violation of historic civil rights and the first step toward destruction of Canadian democracy.⁷⁰

The Dominion Cabinet refused on July 7 to disallow the Quebec law, following the recommendation of the Minister of Justice, M. Ernest Lapointe, that the question be decided in the courts on some concrete case.⁷¹ The possibility of a decisive test in the courts arose in July, when for the first time a private home was closed by seals and padlocks, which were later broken by the tenant.⁷² Defeat of the law in the courts would probably diminish the prestige of Premier Duplessis, whose popularity has declined in recent months, owing to failure of his highway construction program.

THE RISE OF FASCISM

Enforcement of the Padlock Law in Quebec and anti-union campaigns in Ontario have given rise to frequent charges that a fascist movement is emerging in Canada.⁷³ A Fascist party has been in existence in Quebec for over a year, led by M. Adrien Arcand, editor of *L'Illustration*, semi-official newspaper of the Duplessis government.⁷⁴ In July 1938 a National Unity party was organized at Toronto, combining Arcand's National Social Christian party in Quebec and the Canadian Nationalist party of Ontario and Manitoba.⁷⁵ Opponents of the fascist movement claim that M. Arcand is drilling and arming a "blue shirt" organization which will eventually endanger the Dominion, but the government has declared its intention to prosecute any military movement and

66. The increasing opposition of Premier Duplessis to the trade union movement has led to cooperation between the Catholic syndicates and the international unions. *New York Herald Tribune*, March 3, 1938.

67. *Quebec Statutes*, 1 Geo. VI, c. 11. For discussion, cf. S. "Embryo Fascism in Quebec," *Foreign Affairs*, April 1938, pp. 454-56.

68. In addition to the offices of Prime Minister and Attorney-General, M. Duplessis has assumed the Ministries of Roads and of Lands and Forests. *Christian Science Monitor*, July 9, 1938.

69. According to an official police report, 124 raids took place between November 1937 and April 1938, resulting in the seizure of 532 books and 6,500 copies of two radical newspapers, *The Clarion* and *Le Clarté*. Eugene A. Forsey, "Under the Padlock," *Canadian Forum*, May 1938, pp. 41-44. A later estimate places the number of raids at 300. *New York Times*, July 31, 1938. Police activities included raids on the homes of six trade union leaders, the closing of an alleged communist school, and seizure of 500 copies of two Jewish newspapers. *New York Herald Tribune*, January 14, February 9, April 28, 1938. The office of the Friends of the Soviet Union was padlocked after ten raids. *New York Times*, July 21, 1938. Among books reported confiscated have been an edition of Tolstoi, a treatise on Spinoza, publications of the Carnegie Endowment for International Peace, and a red-covered edition of *David Copperfield*.

70. Cf. Canadian Civil Liberties Union, *Bulletin*, February 2, March 19, May 21, July 9, 1938 (Montreal, mimeographed).

71. *Christian Science Monitor*, July 7, 1938.

72. *New York Times*, July 22 and 24, 1938.

73. In addition to books and articles already cited, cf. E. S. McLeod, "Shadow Over Canada," *The Nation*, February 12, 1938, pp. 176-79; Maurice N. Eisendrath, "The Fascist Advance in Quebec," *The Jewish Frontier*, April 1938, pp. 7-10; Leslie Roberts, "Will Quebec Turn to the Right?" *Canadian Magazine*, April 1938, pp. 8-9, 45; Ted Allan, "Canada's Fascists," *The New Masses*, June 21, 1938, pp. 18-20; F. Edwards, "Fascism in Canada," *Maclean's Magazine*, April 15, 1938, pp. 10, 66-68; and the series of articles by Duncan Aikman, *The New York Post*, February 14-26, 1938.

74. David Martin, "Adrien Arcand, Fascist—An Interview," *The Nation*, February 26, 1938, pp. 241-42.

75. *New York Herald Tribune*, July 3, 4, 5, 1938. Anti-Semitism plays a major part in the program of these fascist groups. The Manitoba organization publishes a monthly paper, entitled *The Canadian Nationalist*, devoted entirely to denouncing the Jews. Thousands of copies of one anti-Semitic pamphlet, "The Key to the Mystery," are said to have been distributed throughout Canada.

police investigators deny that financial aid or arms are being received from foreign countries.⁷⁶ Whether the Catholic Church in Quebec will actively support such a movement depends largely on the ultimate nature of the Fascist party, which has avoided the anti-clericalism of European movements.

Although these fascist parties have won few members and exercised little influence thus far, another severe depression would undoubtedly enhance their importance.⁷⁷ At present the movement is so dominated by French-Canadian leadership as to have no appeal outside Quebec, although the July convention indicates a determination to broaden the party to national scope. As the National Unity party intends to enter candidates in the next general election, a more accurate test of its strength may be forthcoming in the future.

POLITICS IN ONTARIO

The influence of Quebec's resurgent nationalism on Dominion affairs has been increased by the co-operation of a similarly recalcitrant government in Ontario. Having broken with Mr. MacKenzie King, Premier Mitchell Hepburn has developed a strong Liberal party in Ontario and combined with Premier Duplessis to oppose the federal government on such issues as the St. Lawrence waterway, export of electric power, and amendment of the British North America Act.⁷⁸

An outstanding feature of the Hepburn régime has been its vigorous opposition to unionization by the C.I.O. After three years in office, Premier Hepburn won an election in October 1937, fought largely on the C.I.O. question.⁷⁹ During the General Motors strike at Oshawa, Ontario, during April 1937, the Prime Minister organized 200 special constables, summoned troops from the Royal Canadian Mounted Police, and threatened to raise an "army" against "foreign invaders."⁸⁰ Two members of the Hepburn Cabinet were removed for supporting the unionization move-

ment.⁸¹ The strike, involving 3,700 workers, was settled on April 23 by negotiations which resulted in a compromise between the government, the company and the strikers. General Motors signed a contract which avoided mention of the C.I.O. but recognized an employee union affiliated with the United Automobile Workers of America, a C.I.O. organization.⁸²

This preliminary and inconclusive skirmish between Premier Hepburn and the C.I.O. has played an important part in the realignment of Canada's political forces. The Oshawa strike was regarded by the Prime Minister as the first step toward complete unionization of the mining and manufacturing industries in Ontario.⁸³ The refusal of the King government to cooperate actively in suppression of C.I.O. activities led Mr. Hepburn to announce a complete break with the national Liberal party and to promote his entente with M. Duplessis in Quebec. Supported by the Ontario mining and manufacturing industries, Premier Hepburn may eventually be in a strong position to bid for national power in a realignment of the Liberal party.

SOCIAL CREDIT IN ALBERTA

The historic conflict between creditor and debtor in an agricultural society reached an important new stage in 1935, when the Province of Alberta elected to power the Social Credit party of Mr. William Aberhart, leader of the Prophetic Bible Institute and advocate of the theories of Major C. H. Douglas, British economist.⁸⁴ Persistent drought and declining prices for several years had created great hardship throughout the Prairie Provinces, giving rise to resentment against payment of interest to creditors and foreclosure on mortgages. The Aberhart government proposed a plan for "social credit" which would eliminate the burden of debt.⁸⁵ Each adult member of the com-

76. *Christian Science Monitor*, February 5, July 22, 1938. For a series of photographs concerning the Arcand movement, cf. *Life*, July 18, 1938.

77. Observers doubt that the movement has attained the 15,000 members claimed by M. Arcand. *Christian Science Monitor*, July 22, 1938.

78. For biographical sketches of Premier Hepburn, cf. *New York Herald Tribune*, June 13, 1937; *New York Times*, May 2, 1937. In dedicating the Thousand Islands Bridge on August 18, President Roosevelt supported the King government by appealing for Canadian-American cooperation in developing the navigation and power resources of the St. Lawrence waterway. *Ibid.*, August 19, 1938.

79. *New York Times*, October 7, 1937.

80. *Ibid.*, April 9, 11, 14, 1937. Cf. Norman J. Ware and H. A. Logan, *Labor in Canadian-American Relations* (New Haven, Yale University Press, 1937, for the Carnegie Endowment for International Peace), pp. 63-71.

81. The Attorney General, Mr. Arthur Roebuck, and the Minister of Labor, Public Welfare and Municipal Affairs, Mr. David Croll, were forced to resign. *New York Times*, April 15, 1938.

82. *Ibid.*, April 24, 1937.

83. *Ibid.*, April 24; June 5, 1937. Cf. Graham Spry, "The C.I.O. Comes to Canada," *Current History*, July 1937, pp. 28-33; "Canada and North American Labour Trends," *The Round Table*, December 1937, pp. 160-70; H. A. Logan, "Labour Organization: A Critical View," *Canadian Journal of Economics and Political Science*, May 1938, pp. 192-208.

84. Cf. A. F. McCoun, "Alberta, Economic and Political. I. Social Credit Legislation: A Survey," *Canadian Journal of Economics and Political Science*, November 1936, pp. 512-24; C. S. Burchill, "Disallowance in Alberta," *Dalhousie Review*, April 1938, pp. 1-8; Burton T. Richardson, "The Truth About Aberhart," *Current History*, July 1937, pp. 19-24; "Politics in Alberta," *The Round Table*, December 1937, pp. 170-77.

85. For a brief survey, cf. *New York Herald Tribune*, March 7, 1937.

munity was to be assured a monthly credit dividend of \$25, issued by the Province as legal tender within its borders. Although this original project failed to materialize, numerous subsidiary plans were put into effect, only to meet defeat in the courts.

Three Acts of the Alberta legislature were annulled in 1937 by the Dominion government, which employed for the first time in thirteen years the constitutional provision that the Governor-in-Council may disallow any Act of a Provincial legislature.⁸⁶ These laws required the licensing of all banks within the Province, with a view to imposing the social credit scheme on financial institutions, and denied access to the courts for anyone objecting to the license plan. A second set of three laws was defeated in March 1938 by the Canadian Supreme Court, and subsequently invalidated by the Privy Council. This legislation comprised Acts regulating credit, restricting freedom of the press, and imposing confiscatory taxes on banks. In its decision the Court said that the original Social Credit Act was also *ultra vires*.

The most effective part of the Aberhart legislation, designed to protect the farmer against his creditor, restricts normal financial activities. Moratoria on debts have been proclaimed, and legislation enacted to outlaw by July 1, 1940, all debts incurred before July 1, 1936.⁸⁷ A Securities Act imposed a 2 per cent tax on all first, second and third mortgages.⁸⁸ Protection of home-owners from mortgage foreclosure was provided in the Home Owners' Security Act, by which any mortgage holder who begins court action must post a bond of \$2,000, to be forfeited to the mortgagee in the event of foreclosure regardless of the amount of property involved.⁸⁹

A crucial test of the political strength of the Social Credit movement occurred in June 1938, when the Liberal government of Saskatchewan was returned to office despite support given by Mr. Aberhart to numerous candidates running as a Social Credit party.⁹⁰ Factional quarrels in the Aberhart Cabinet, the defeat of his program in the courts and at Ottawa, disagreement with Major

Douglas and his colleagues in England, and agricultural improvement have weakened the appeal of Social Credit in the West but not the popularity of Aberhart as the symbol of rural discontent. The struggle between the western debtor and the eastern creditor will probably continue, however, until a larger return from wheat restores prosperity and the Prairie Provinces consider that an equitable equilibrium—through adjustment of interest rates, railway rates, subsidies, and the tariff—has been established.⁹¹

CONCLUSION

Sectional rivalries and Provincial dissensions have been intensified by the depression, which simultaneously expanded the responsibilities of the Dominion government. In Canada, as in the United States, the need for governmental intervention—because of the growth of large-scale production, monopolies, centralized control of industry and finance, unionization and collective bargaining, unequal distribution of income, and unemployment—has increased during the past eight years, while the government's power of intervention has been diminished by judicial interpretation. Both countries have been confronted by the necessity of adapting a federal and democratic system—perhaps the most complicated of all forms of government—to changing economic conditions, and of finding new compromises between national power and local rights.

Solution of this political dilemma is probably more difficult for Canada than for the United States. The Dominion government is hampered by greater constitutional rigidity and more acute ethnic differences, although division along class lines has not proceeded so far as in the United States. Revision of the constitution, in order to restore to the Dominion Parliament its treaty and general legislative powers, will be possible only if the Mackenzie King government can secure sufficient political support to enact whatever recommendations are made by the Royal Commission. Reversal of the divisive tendencies of the Provinces and removal of the present abnormal conditions in the Canadian national life are largely dependent upon economic prosperity, which awaits recovery in the United States and revival of international trade.

86. *Ibid.*, August 18, 1937.

87. Alberta, 8th Legislature, 6th Session, 1 Geo. VI, *Bill No. 115*, "An Act to Amend the Limitation of Actions Act, 1935."

88. *Ibid.*, *Bill No. 84*, "An Act to Impose a Tax on Certain Securities in the Year 1938."

89. *Ibid.*, *Bill No. 29*, "An Act for the Security of Home Owners." This legislation covers urban homes and the quarter-section on which the farm home is located. Both the Securities Tax Act and the Home Owner's Security Act were disallowed recently by the King government. *New York Herald Tribune*, June 16, 1938.

90. *Christian Science Monitor*, June 10, 1938.

91. Cf. G. E. Britnell, "The Rehabilitation of the Prairie Wheat Economy," *Canadian Journal of Economics and Political Science*, November 1937, pp. 508-29; John M. Imrie, "New Hope for the West," *Queen's Quarterly*, Summer 1937, pp. 176-83; G. V. Ferguson, "The Outlook for the West," *ibid.*, Autumn 1937, pp. 371-79; W. T. Easterbrook, "Agricultural Debt Adjustment," *Canadian Journal of Economics and Political Science*, August 1936, pp. 390-401.